



US Air Force Procurement Transformation and the Enterprise Architecture for Procurement

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What is Procurement Transformation?

- Alignment of Policies, Processes, People, and Technologies in support of an overall *Procurement Vision*
 - Exploit industry best practices & technology to leverage AF spend
- *Strategic* vs. Tactical Purchasing
- Training and *People Development*
 - Geared towards e-enabled strategic procurement
- Streamlined and *Flexible Policy*
 - Must support AF transformation objectives & foster considered risk taking
- Web-based *Technology*

Procurement Transformation
at the US Air Force



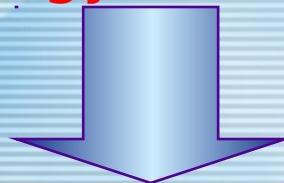
Procurement Transformation

Policy: “why” Procurement does what they do

Processes: “what” they do, “how” they do it,
“when” and “where”

People: who does it

Technology is the enabler



Understand what they buy

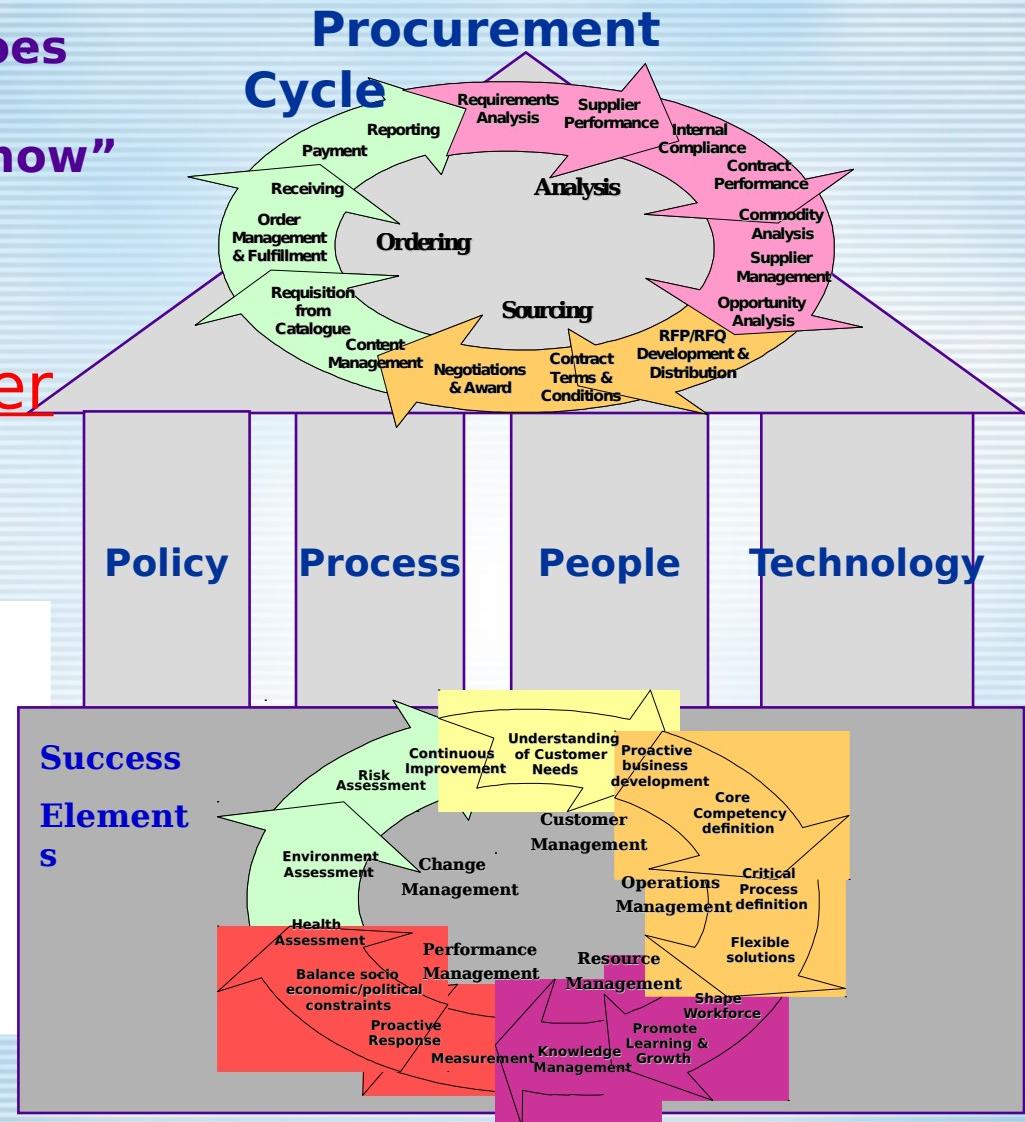
Leverage the AF Spends

Improve supplier performance

Reduce bottom-line cost

Increase responsiveness

Migration from tactical to strategic



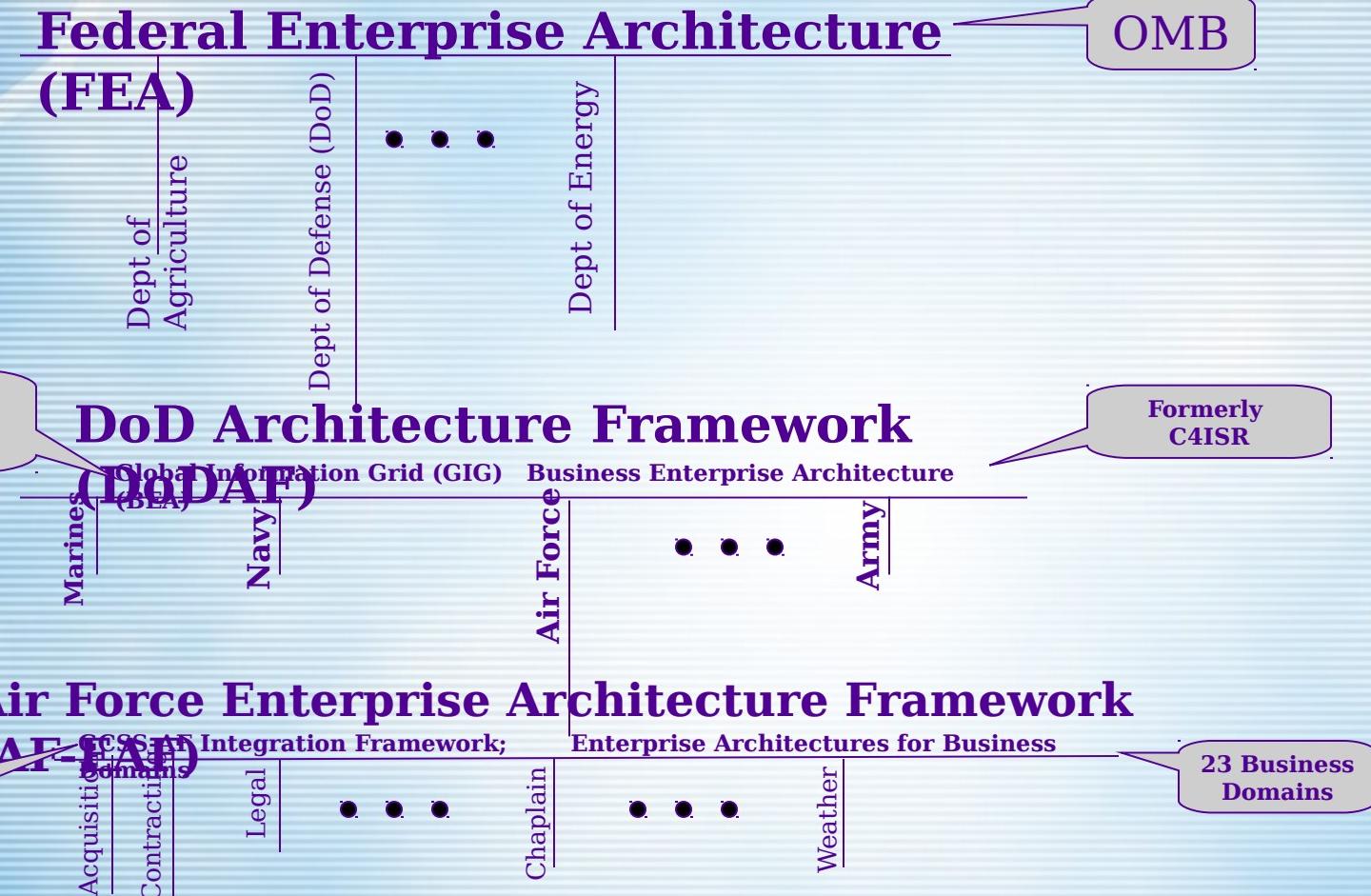


The EAP project required effective sponsorship, broad participation and new tools and techniques.

- Jointly sponsored by SAF/AQC and AF CIO
 - Deputy Assistant Secretary (DAS) of the Air Force (Contracting)
 - Air Force Chief Information Officer
- Participation from major commands, SAF/AQ, CIO's office, the Standard Systems Group, Materiel Systems Group, procurement subject matter experts and IT specialists
- Employs facilitated modeling workshops
 - Sponsors, subject matter experts and specialists provide procurement expertise and decision-making
 - Outside consultants as facilitators and workshop analysts
 - Deliverables created and managed with Proforma's ProVision integrated modeling tools and repository
- Iterative modeling workshops
 - Operational Views
 - Systems Views (plus confirmation of Technical Views)

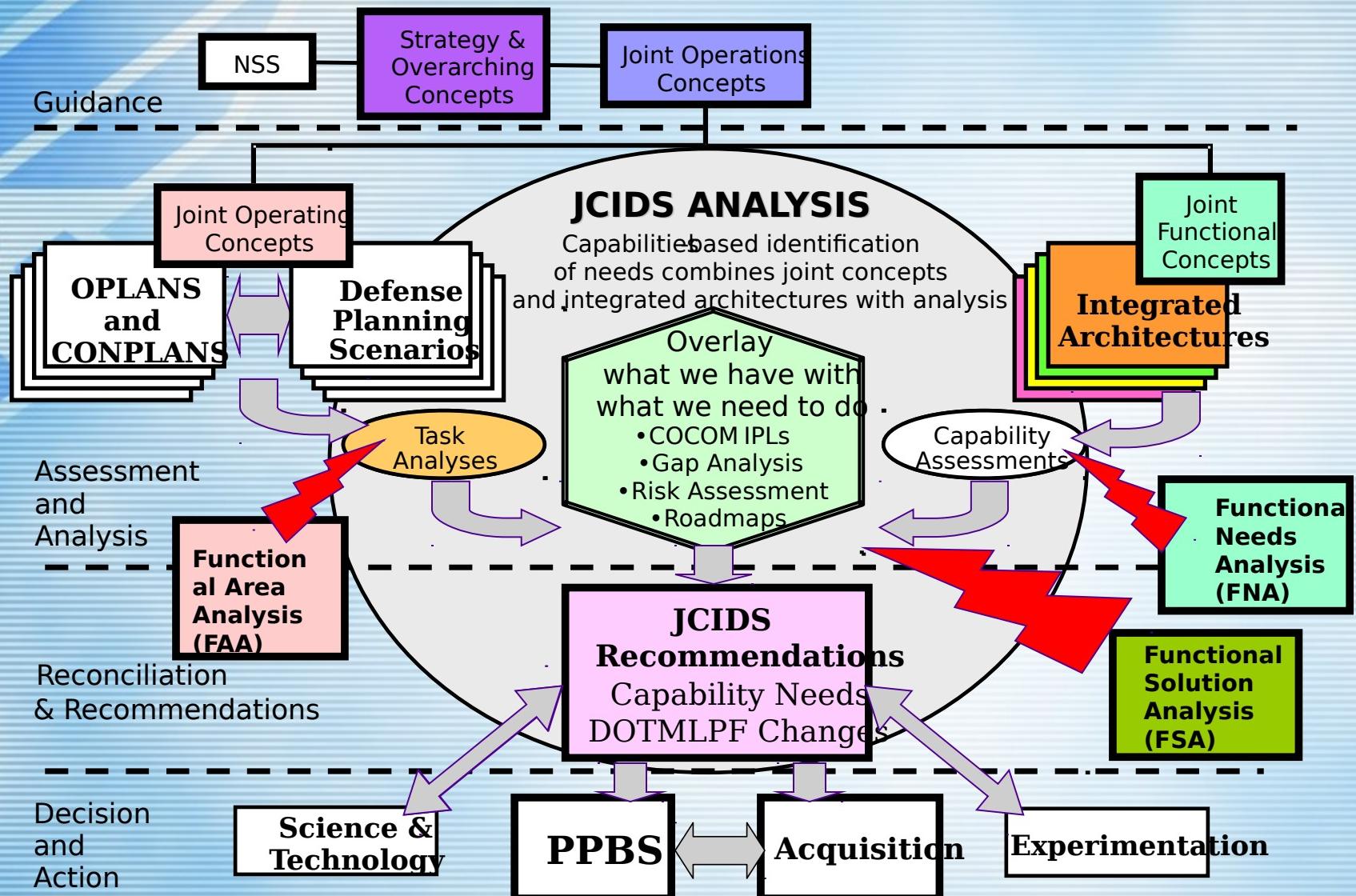


Starting Point: Architectures



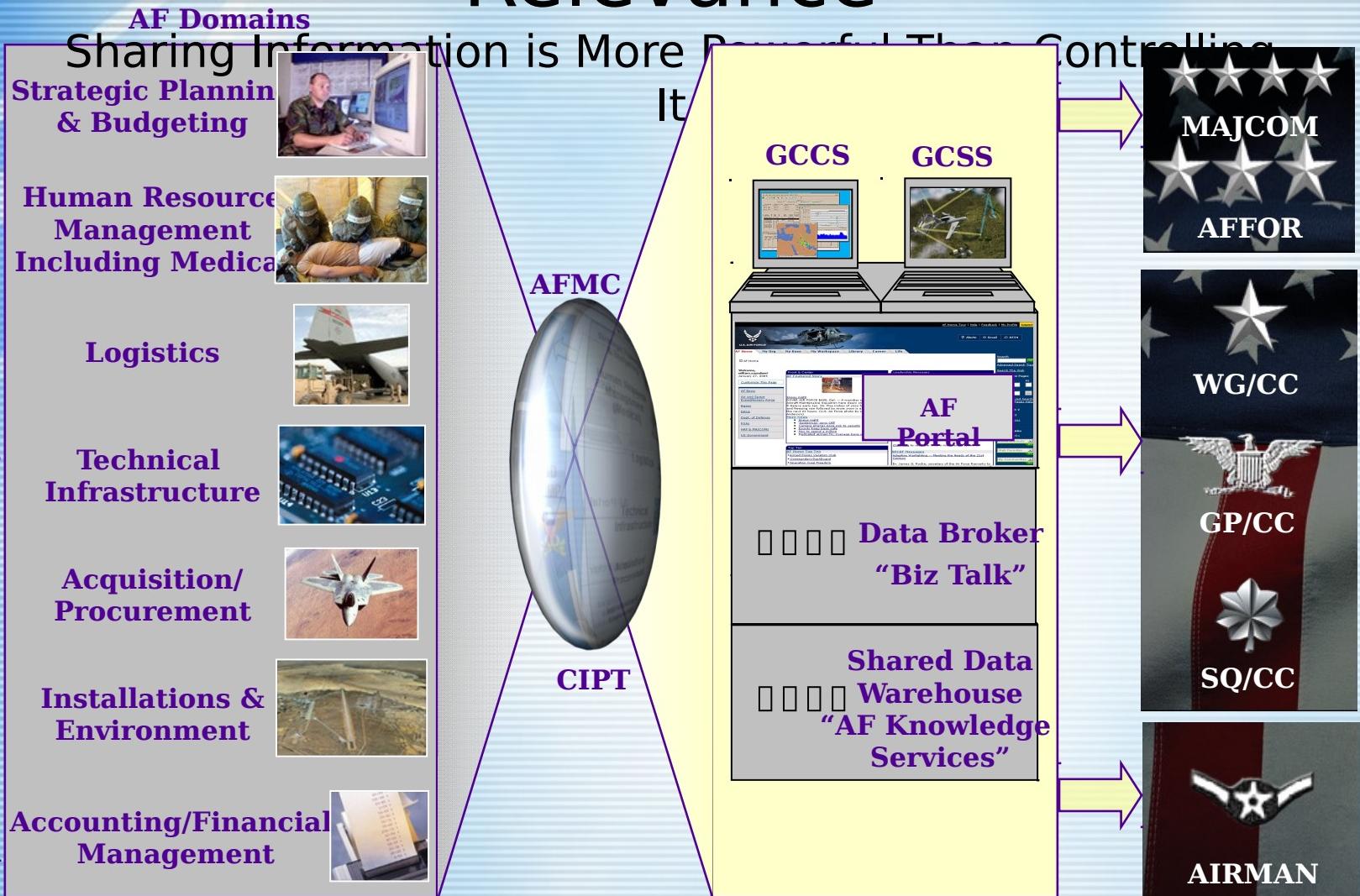


Architectures are key for Joint Capabilities Integration





End State: Delivering Relevance





Procurement Transformation

Enterprise Architecture for
Procurement (EAP)

Project Overview



The EAP Project consists of a structured sequence of tasks focused on the deliverables from facilitated modeling workshops

Project Sponsor



EAP Team



Project Structure

Project Expectations

Scope

Review

Core Team

EAP Profile

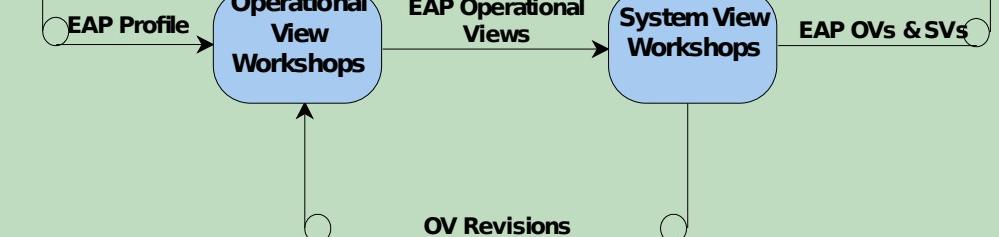


EAP Operational Views



EAP OVs & SVs

OV Revisions





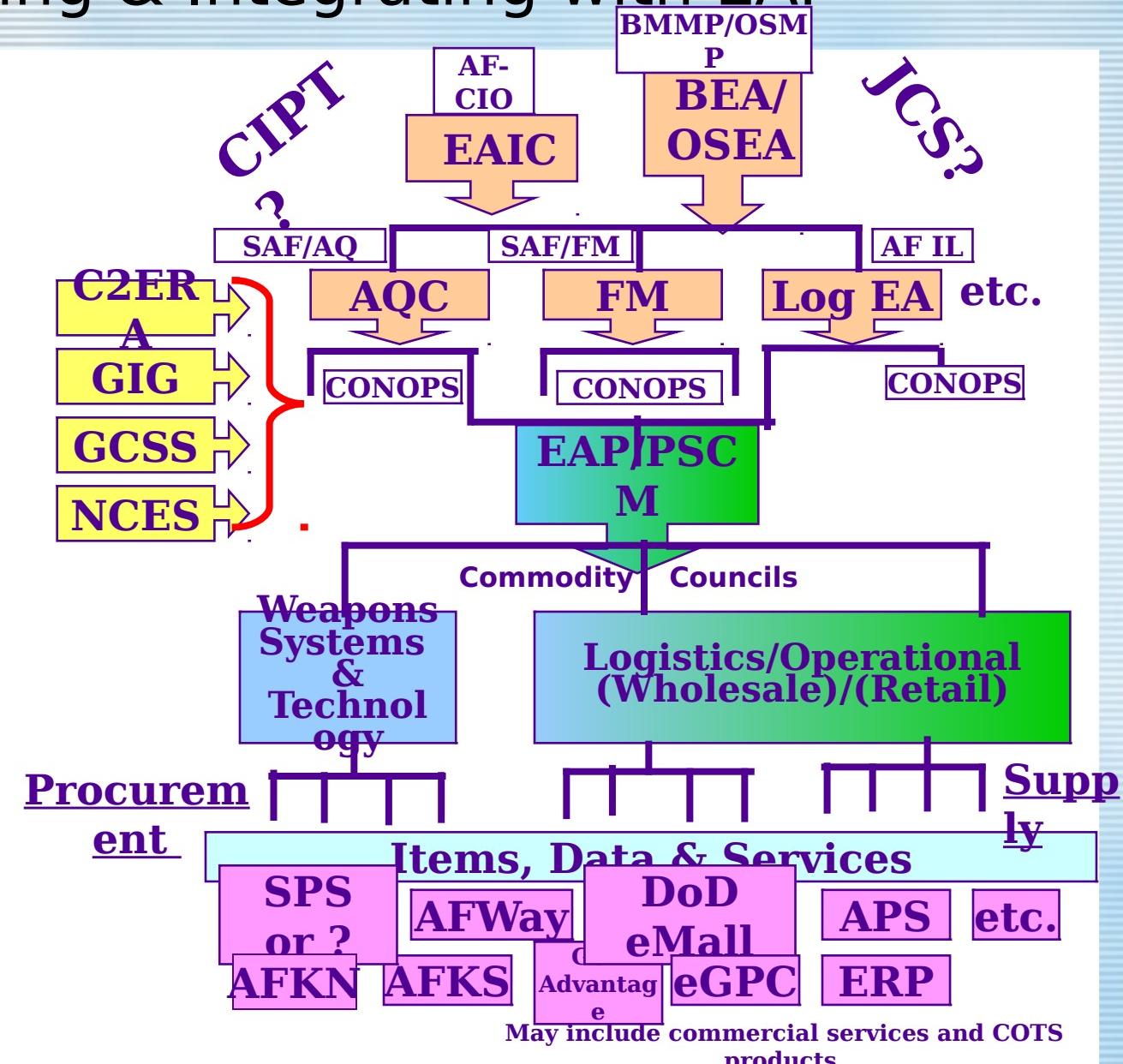
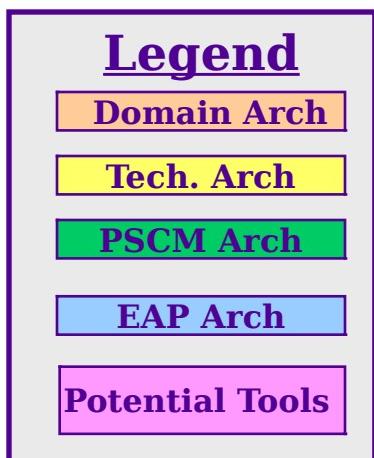
Overarching Architectural Relationships Governing & Integrating with EAP

Overarching Domain Arch

- BMMP/OSMP
- EAIC
- Log EA
- e-Gov (FEA)

Overarching Tech Arch

- C2ERA
- GCSS-AF
- GIG





Commodity Council Overview

'Commodity' = segmentable category of goods or services

- Does not imply an expendable or non-complex item

'Commodity Council' = cross-functional sourcing team

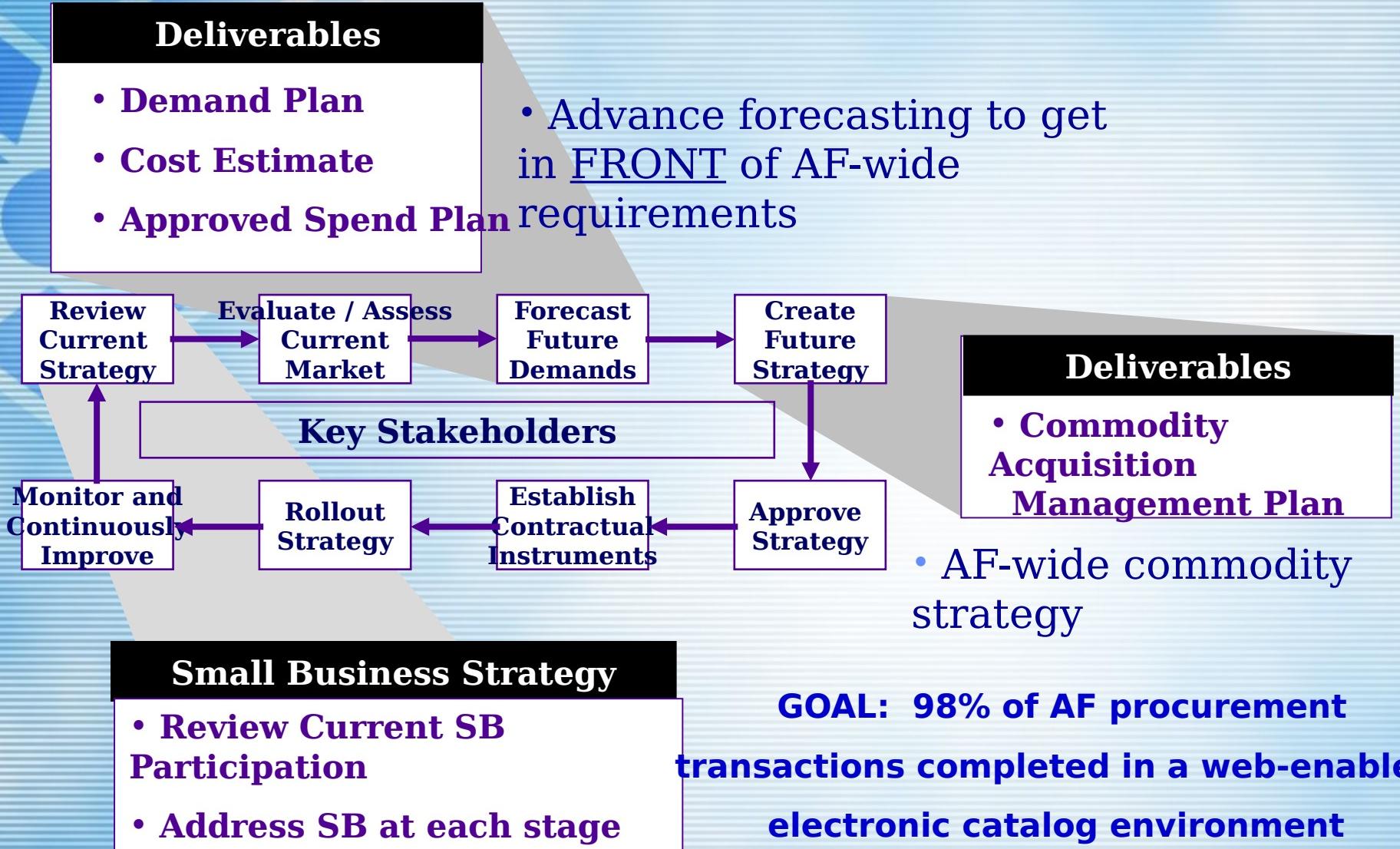
- Develop enterprise-wide procurement strategies
- Integrate customers and suppliers
- Drive commonality and standardization
- Leverage purchasing volume

Characteristics of a Commodity Council:

- Executive-level endorsement
- Well-informed and market savvy commodity experts
- Centralized strategy . . . decentralized execution



What's Different?: The Commodity Council Process





The vision of procurement transformation is to implement the “best practice” of Commodity Councils.

Implement the 'Commodity Council' concept within the AF

- Eliminate duplication of effort
- Minimize supply chain costs through integration / collaboration
- Demonstrate the power of leveraged purchasing
- Meet small business obligations, and seize small business opportunities

Achieve cost savings and performance improvements by leveraging commodity volumes across the Air Force

- Improve customer support
- Reduce purchase cost of items
- Increase quality of goods and services
- Accelerate delivery responsiveness



Expected Impact

AF's sustainment / operational spend = \$35B annually

- **If we meet industry's 12% avg. goal, we can save \$4.2B**
 - **\$4.2B ~ 40 F-22 Raptors**
 - ~ **105 Joint Strike Fighters**
 - ~ **21 C-17 Globemaster IIIs**
 - ~ **the AF's 'Spares' budget**
 - > **the GDPs of 68 nations**

When does it become meaningful?

- **12% savings in Office Furniture = \$9.12M**
- **12% savings in ADP Equipment = \$108.5M**
- **12% savings in Engine Components = \$215M**



Commodity Council Pilot

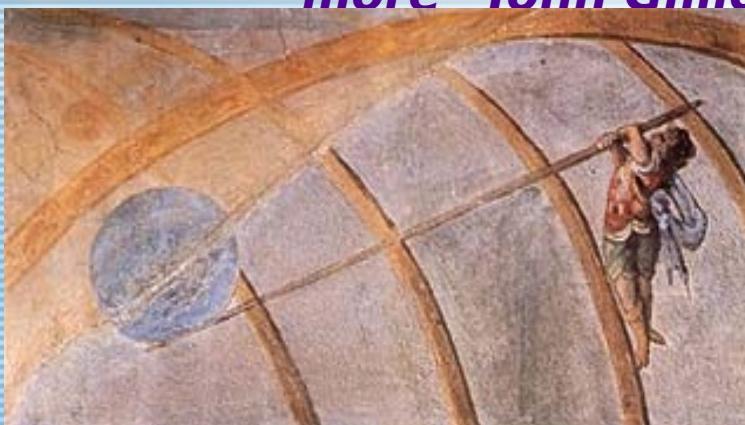
IT Commodity Council

Update

IT CC quick win – EOY Buy

- Image Consolidation
- Configuration simplification
- 12,500 computers instead of 10,000 for the same dollars spent
- New leveraged buy price = \$648.00

"the Air Force bought computers at a 30 percent discount by buying in bulk . . . And it's a strategy that we plan to use more" John Gilligan AF CIO



***"Give me a lever
long
enough and I can
move the world"***

- Archimedes



Implementing Commodity Councils will cause several “People” Differences.

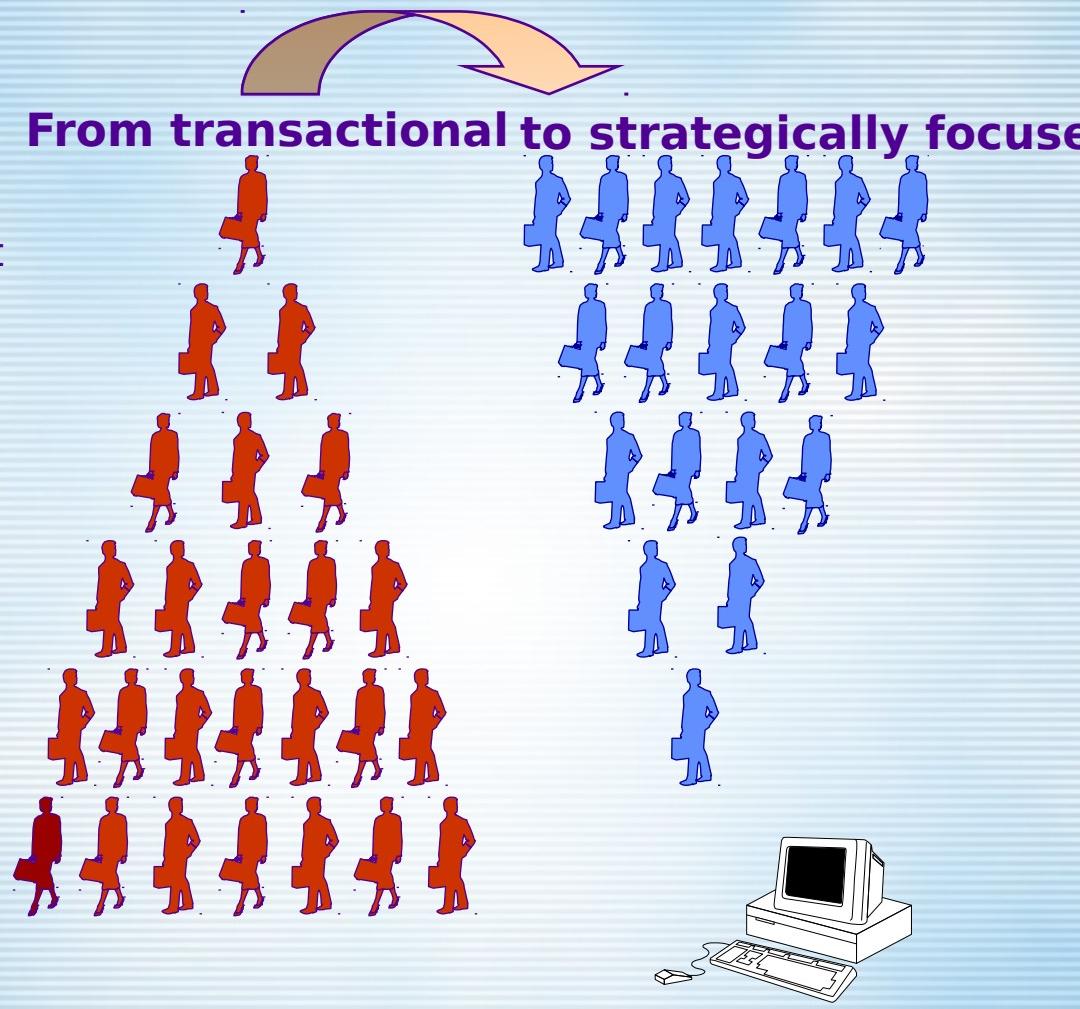
Strategic Activities

- Market knowledge
- Supply base management
- Commodity strategy
- Risk management
- Sourcing strategy
- Supplier capability assessment
- Strategic negotiation
- Supplier selection
- Supplier development
- Establish performance metrics
- Supplier performance evaluation/reporting
- Commercial (tactical) negotiation
- Order processing



Tactical

From transactional to strategically focused





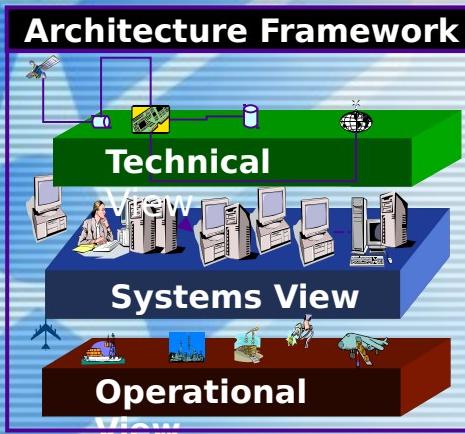
Procurement Transformation

Enterprise Architecture for
Procurement

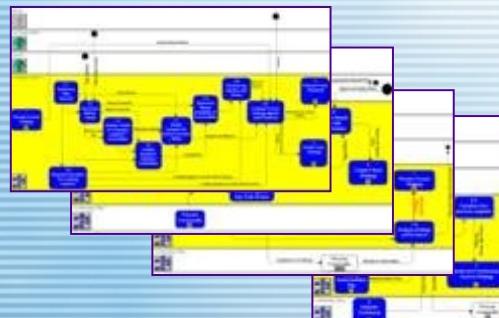
Operational Views



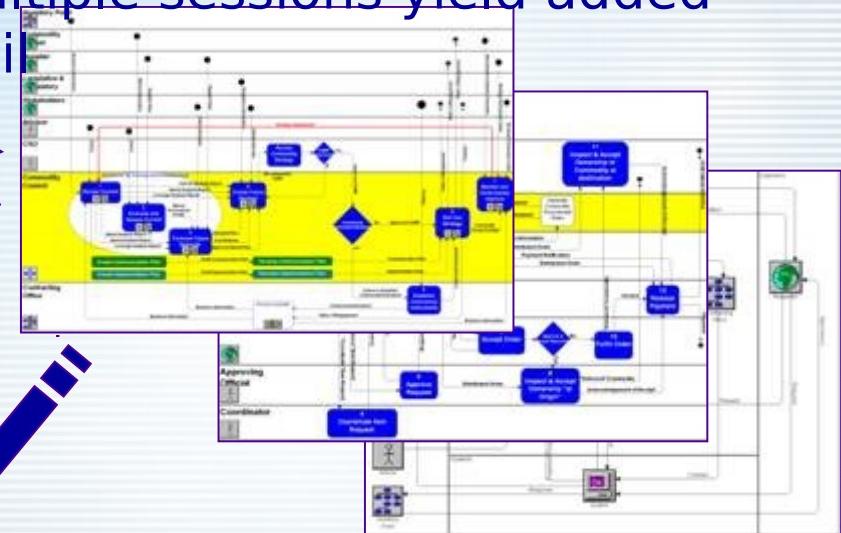
DoDAF Operational Views are captured primarily as multi-level workflow models and their interpretations



- Teams are developing "Systems Views" & "Technical Views" to support "Operational View"



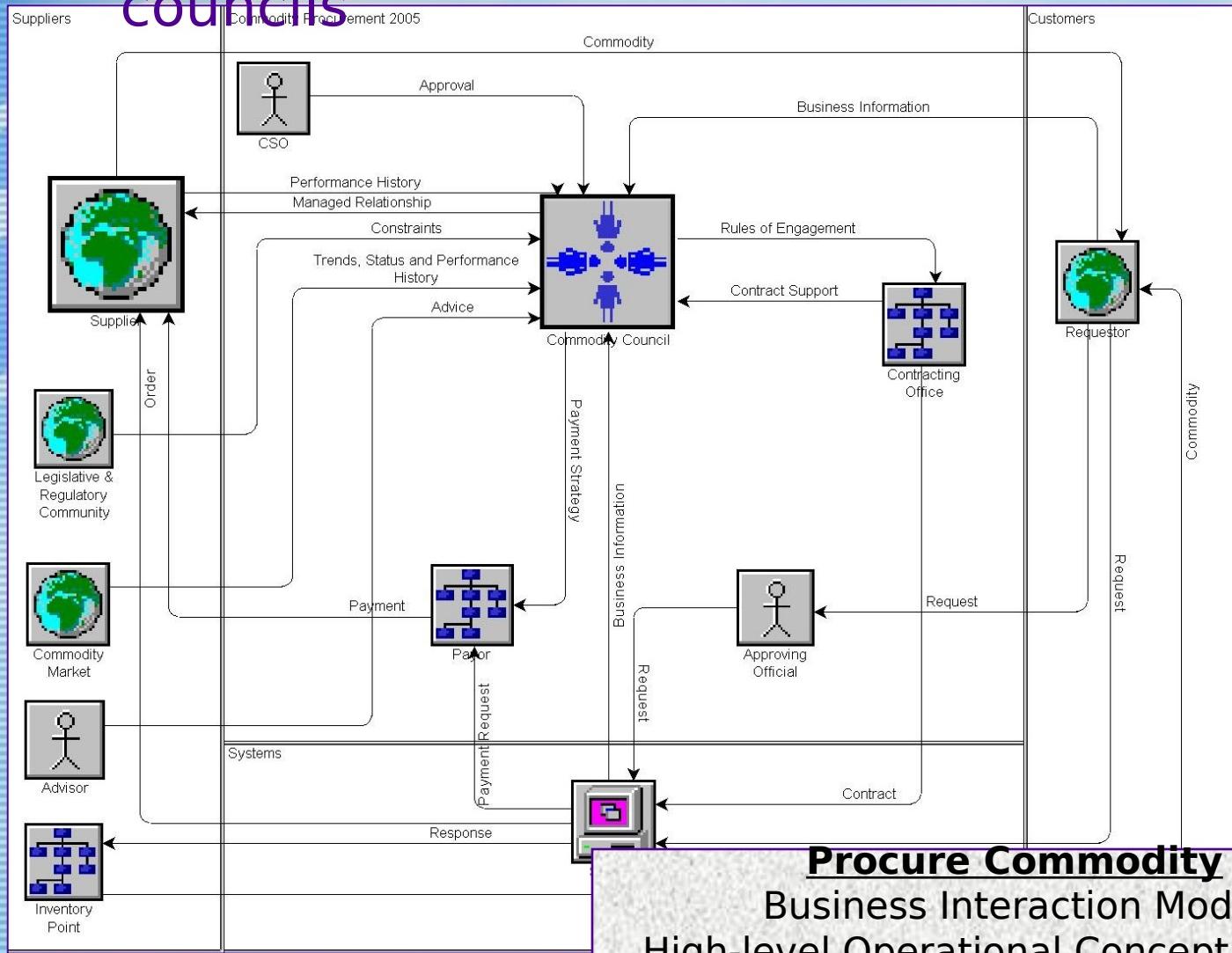
- Project team has developed major "Operational View" process workflows
- Multiple sessions yield added detail



- Project team adding add'l sub-process details based on System View work



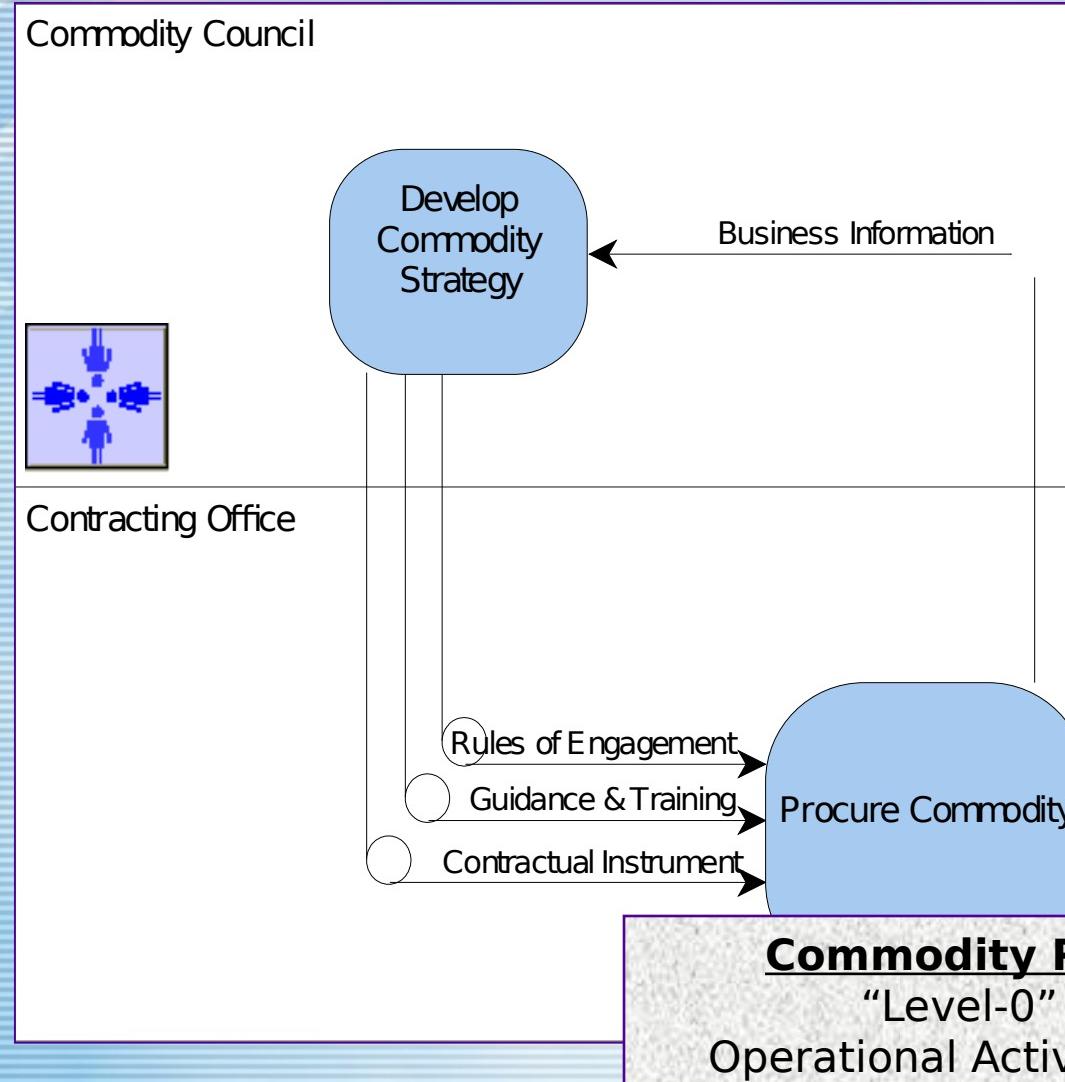
The Business Interaction Model describe the high-level operational concept of “commodity councils”



Procure Commodity
Business Interaction Model
High-level Operational Concept Graphic
(OV-1)

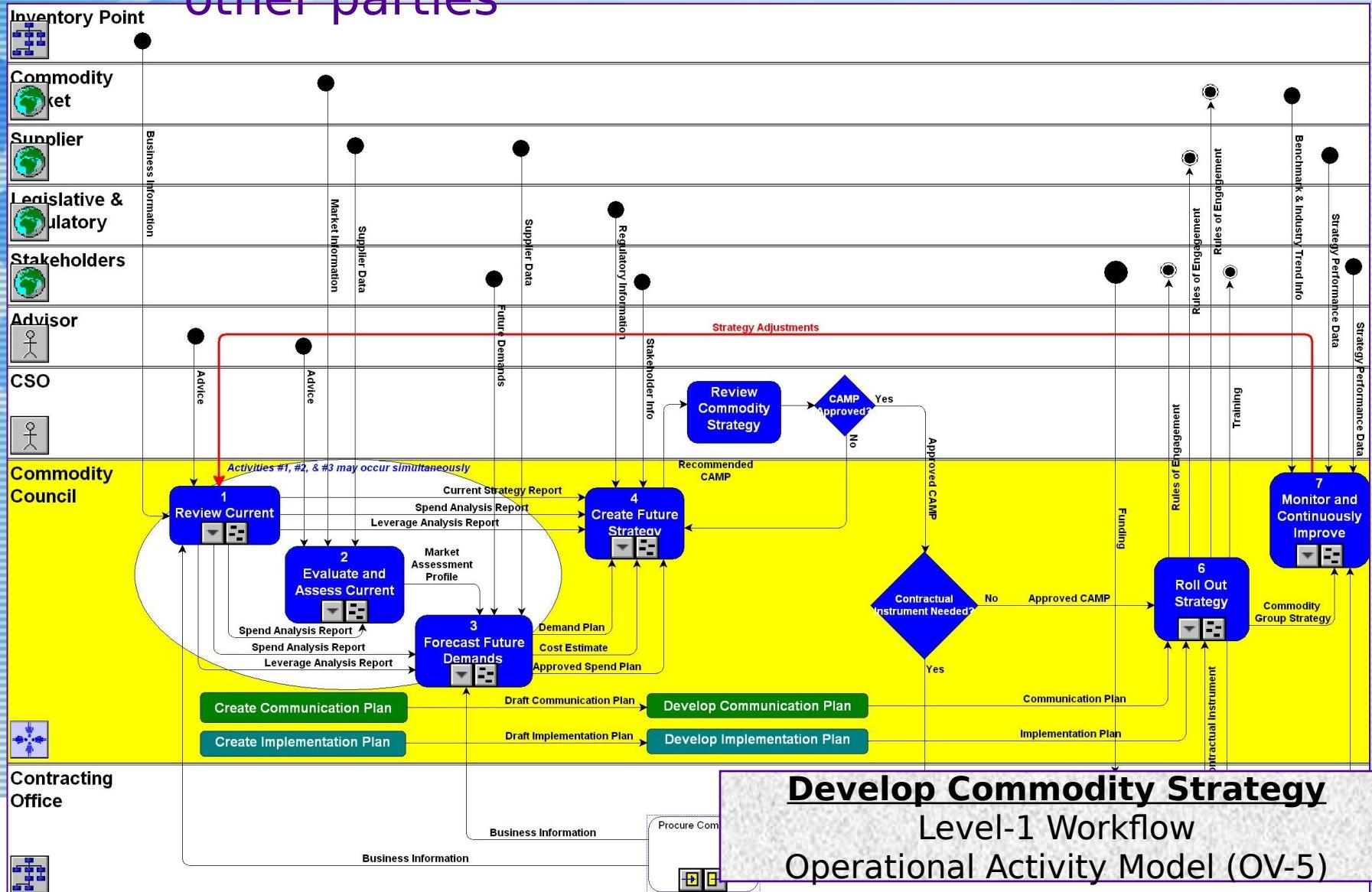


At the highest level, procurement is partitioned into “Strategy” and “Procurement” processes



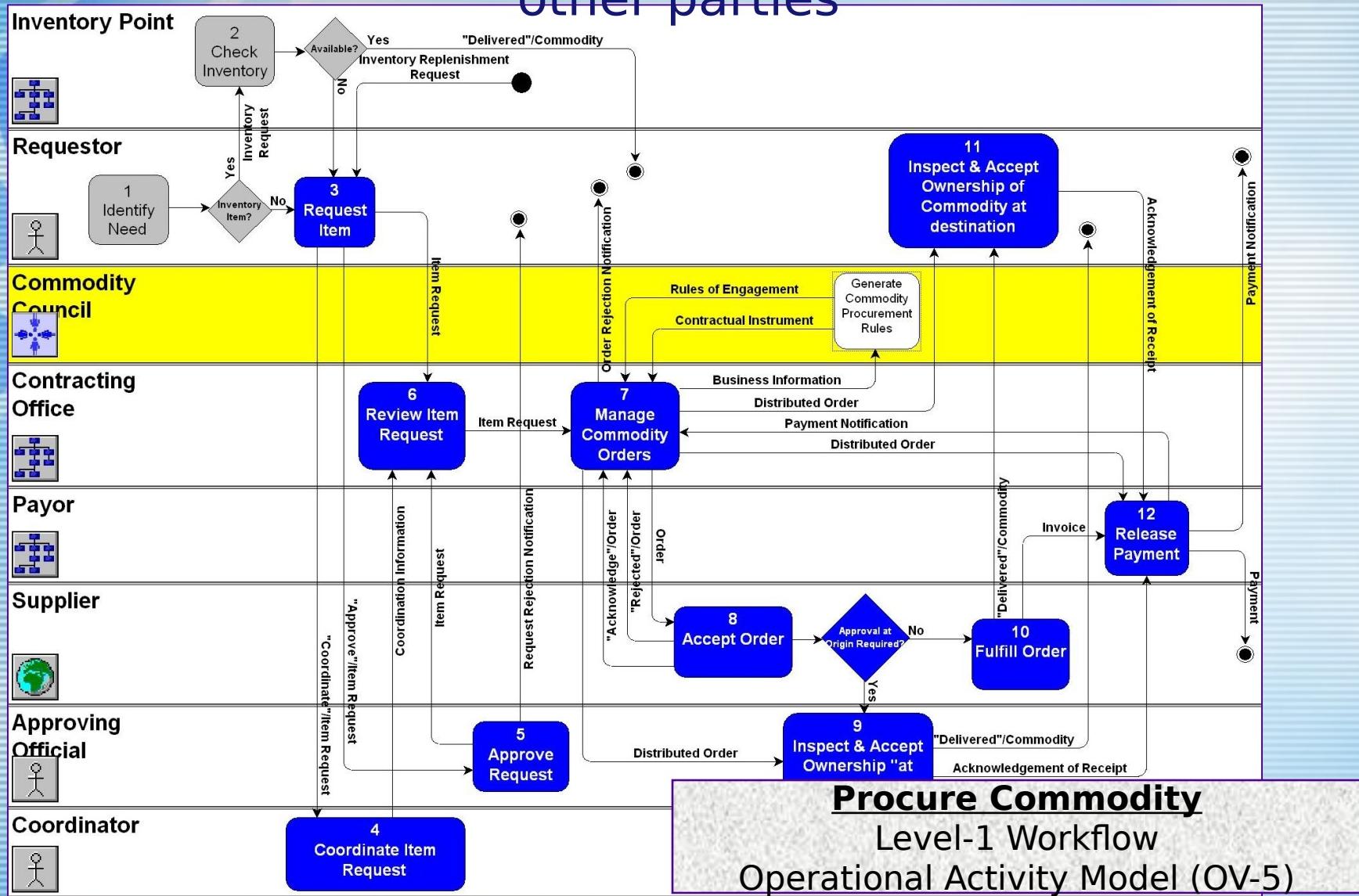


“Strategy” Workflow describing the Commodity Council and its interactions with other parties



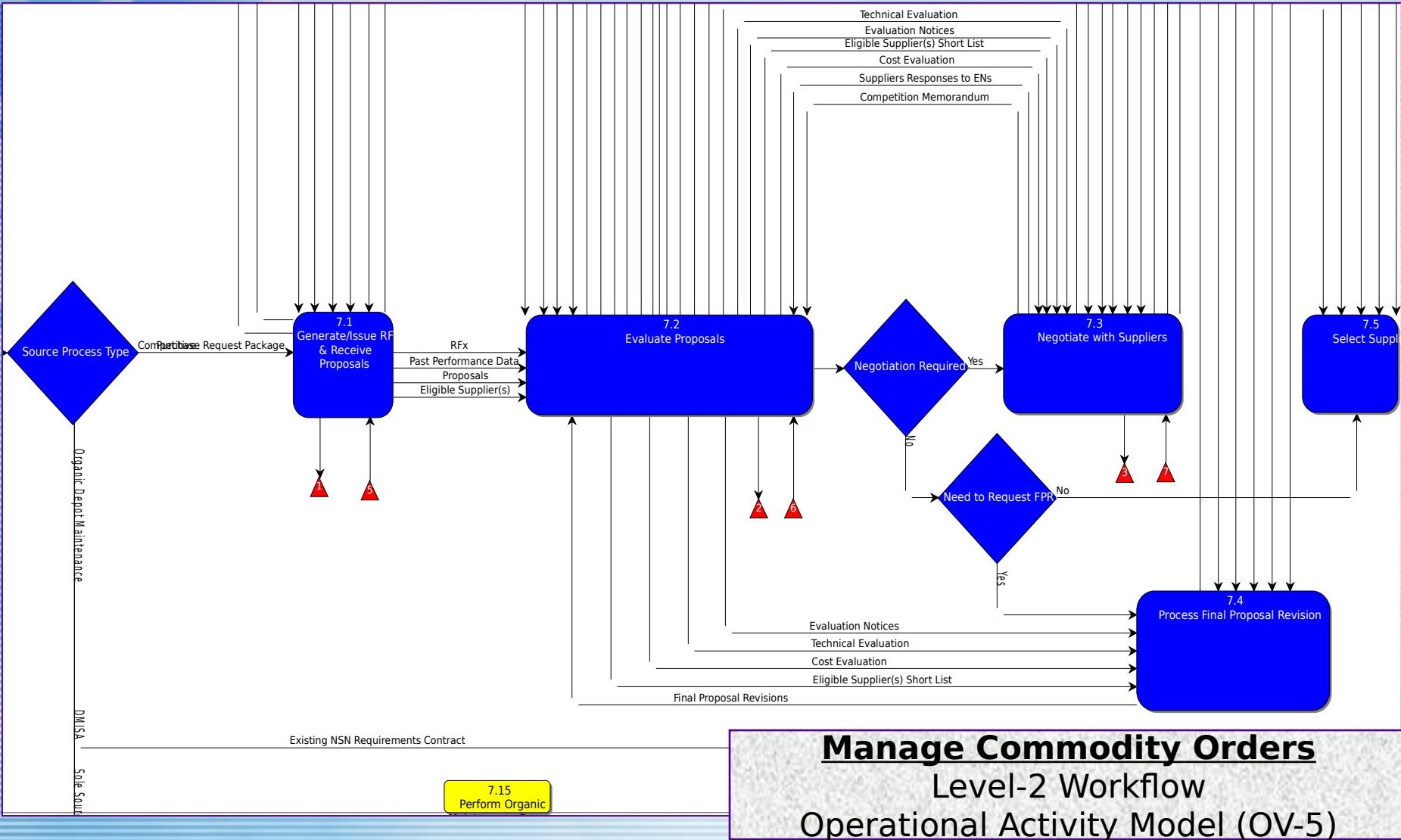


"Procurement" Workflow describing the Contracting Offices and their interactions with other parties



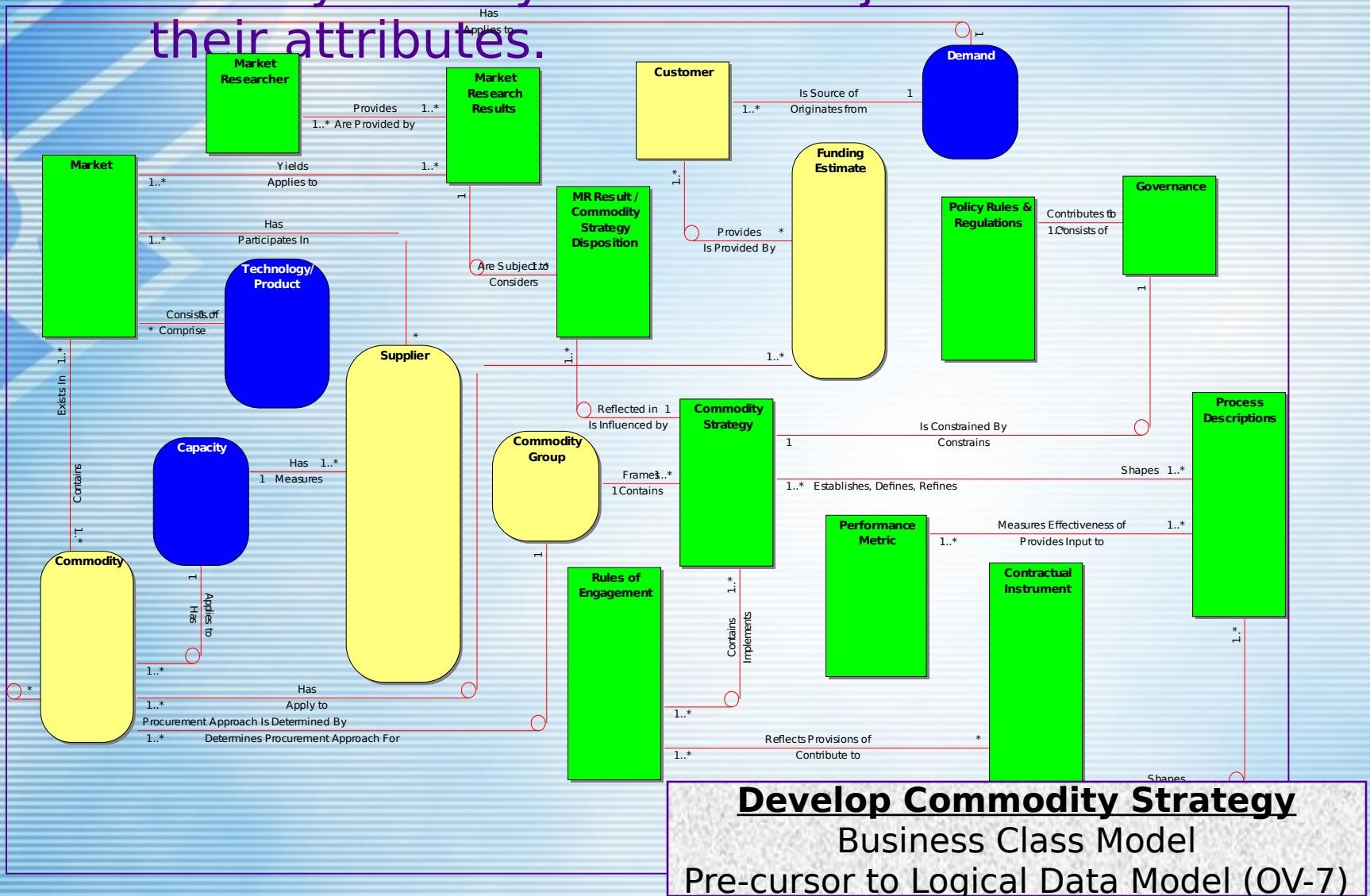


Lower level workflow models, and their interpretations, provide detailed descriptions of sub-processes.





At the conceptual level, the Business Class Model and its interpretation identify the key business objects and their attributes.





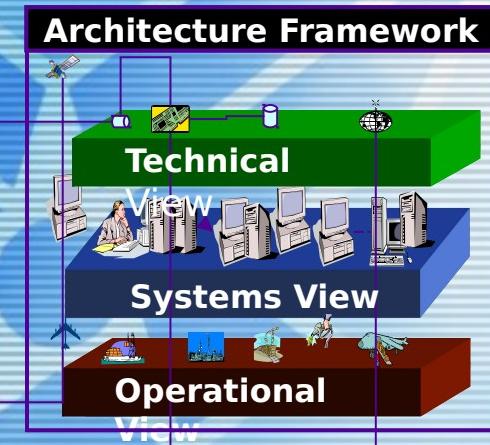
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System Views

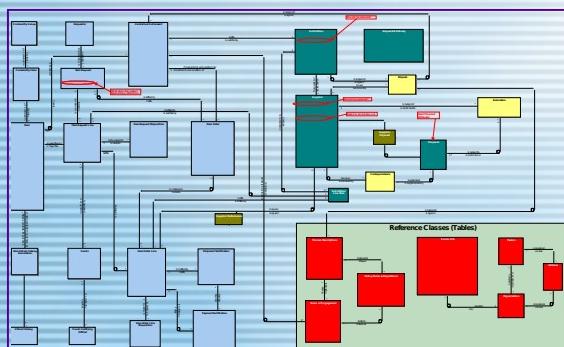
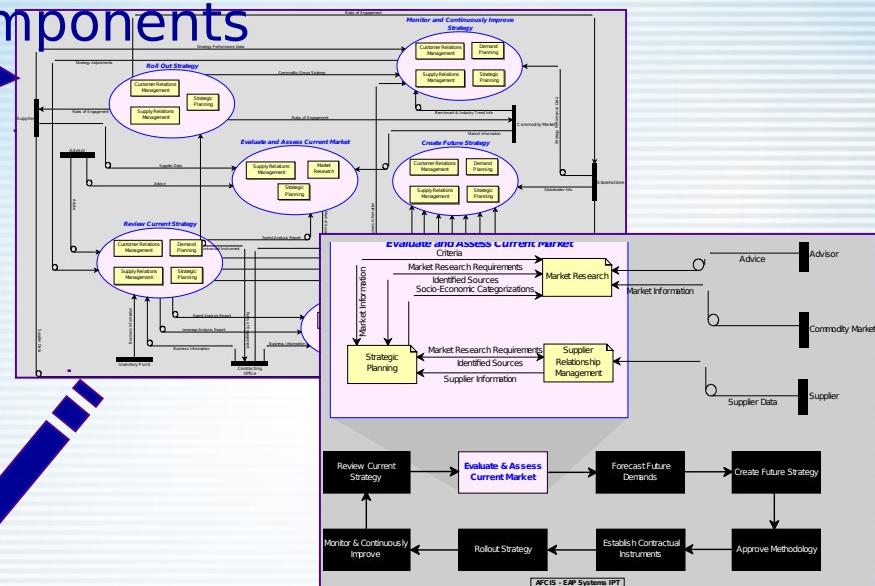


System Views are derived from Operational Views, then detailed



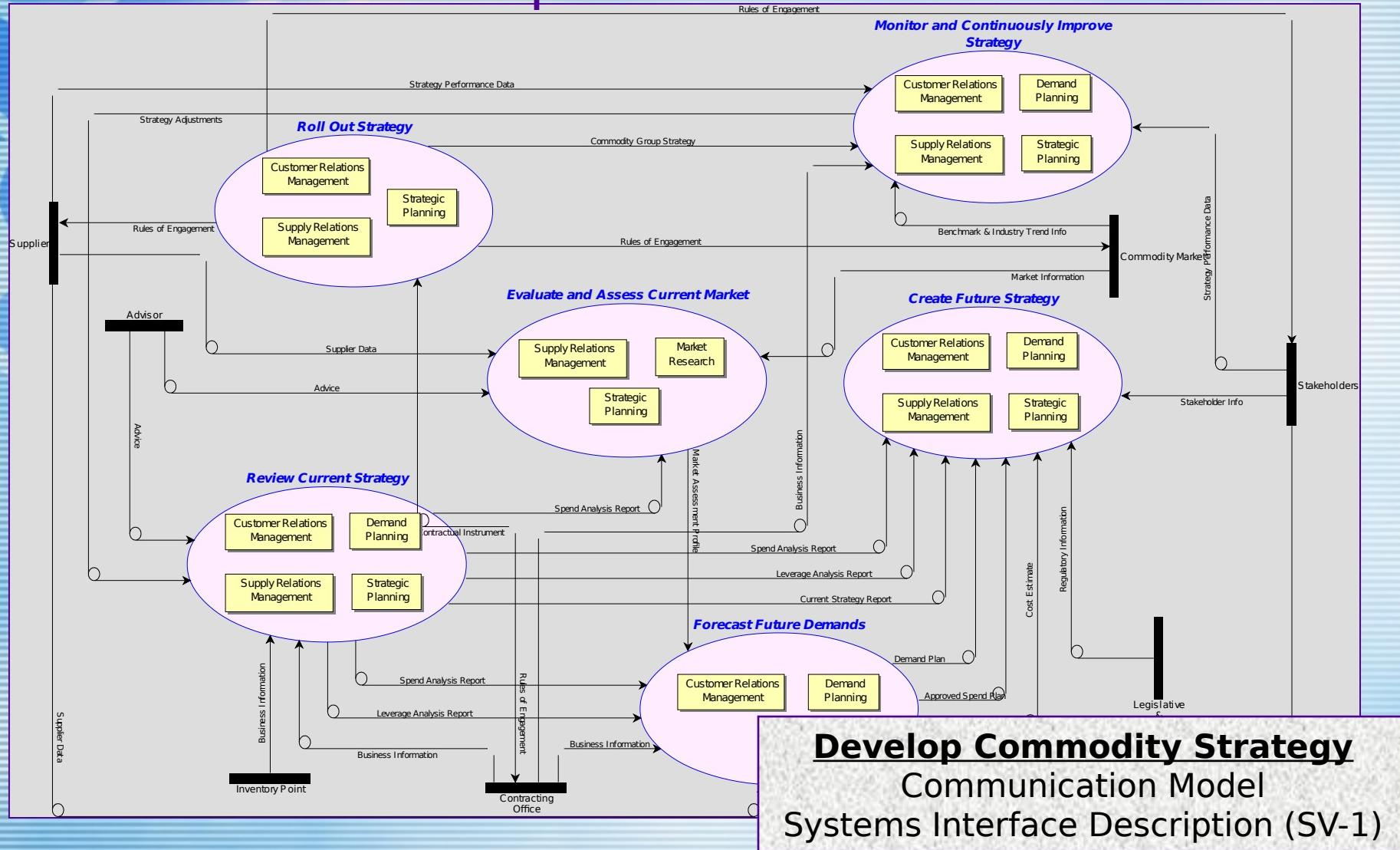
- Multiple workshop sessions yield added detail

- Based on Operational Views, team has developed major "System View" architecture components



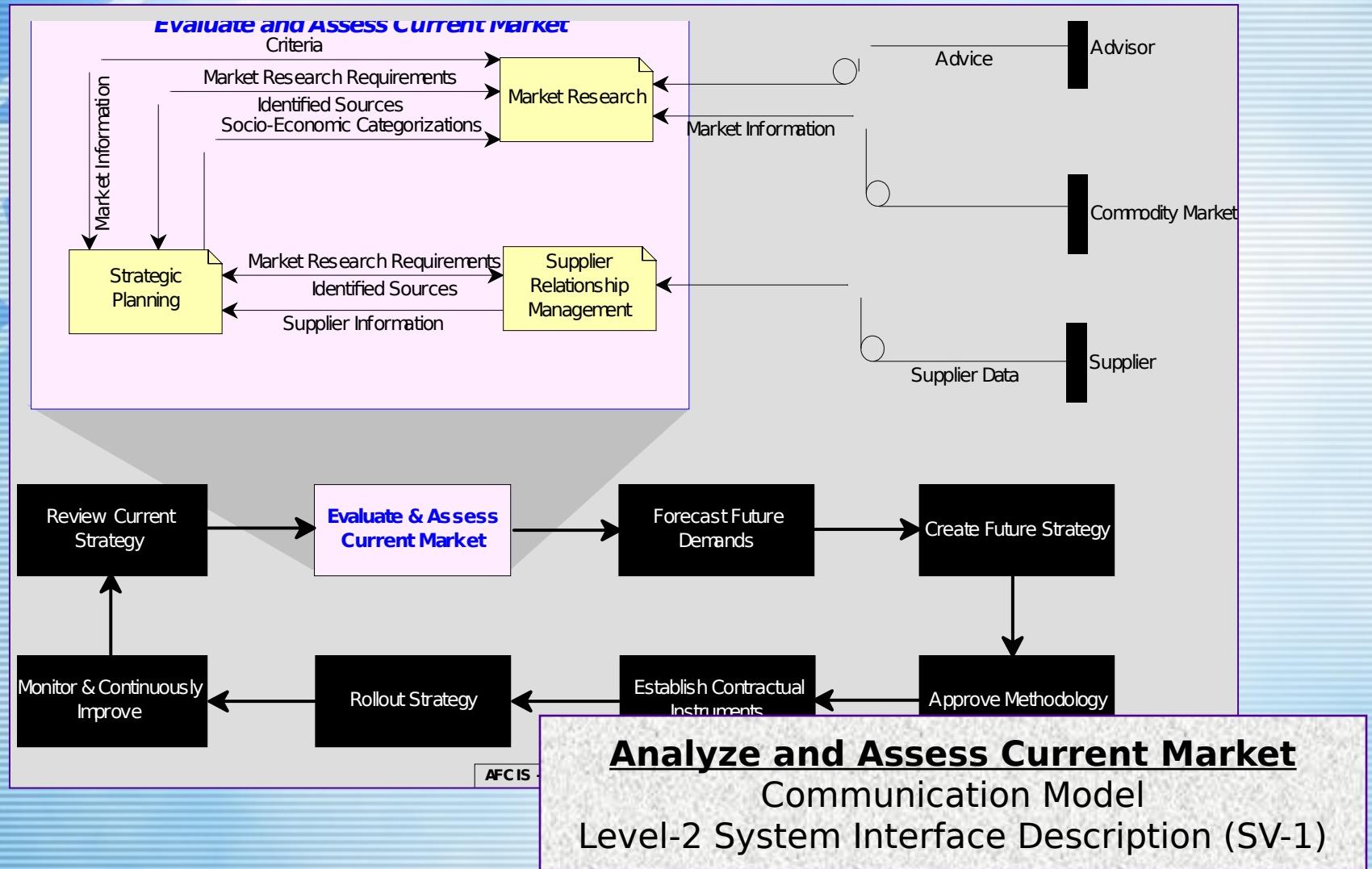


The System Interface Description identifies systems that support operational nodes



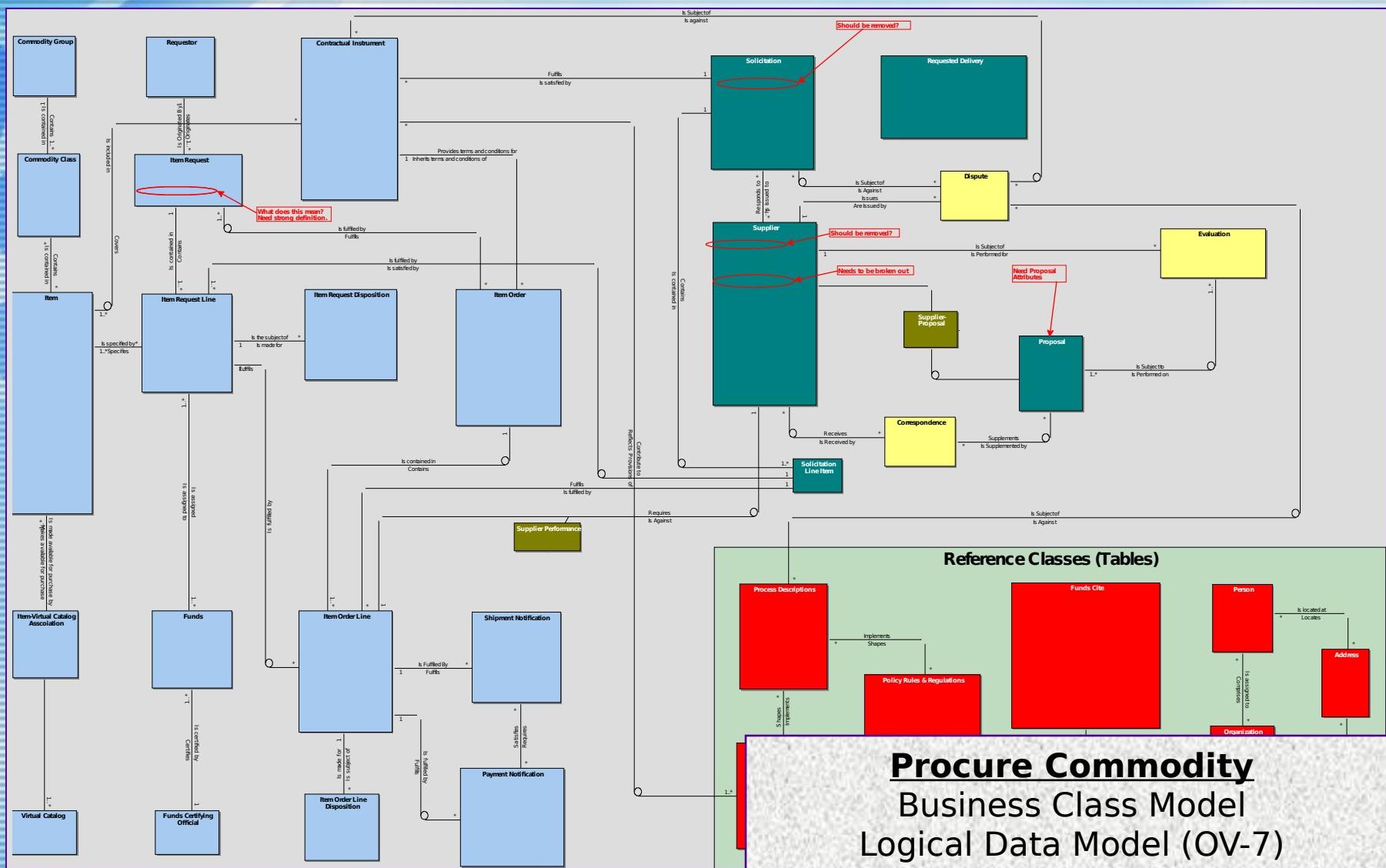


Lower-level SV-1 models add detail to the System Views





The Logical Data Model (OV-7) is derived from the conceptual Business Class Model and system interface requirements





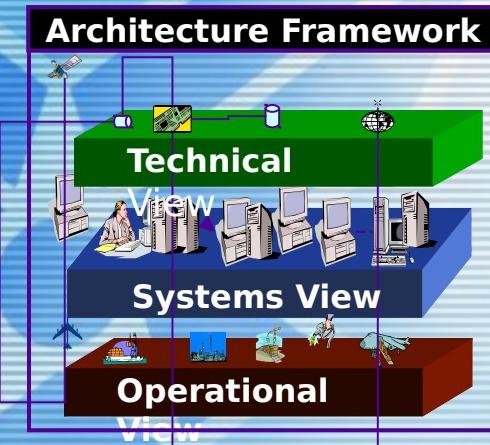
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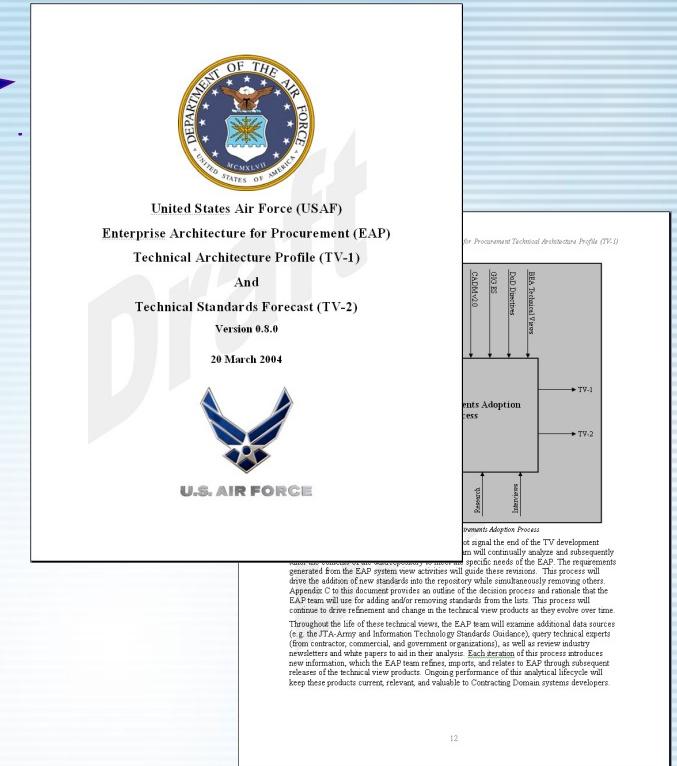
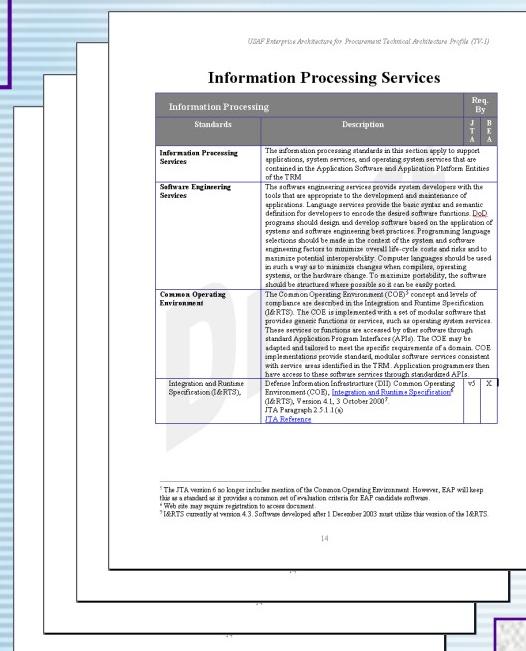
Technical Views



Technical Views are based on the foundation of the Joint Technical Architecture



- Guidance and Requirements Analyzed:
 - BEA Technical Views
 - Clinger-Cohen Act
 - OMB Circular A-130
 - C4ISR V2.0
 - DODAF V1.0
 - CADM 2.0
 - GIG ES
 - DoD Directives 5000.2-R, 4630.5, 5200.1, 5200.40, 5200.28, 8000.1.



- Technical Subject Matter Experts identified mandated and emerging standards

Technical Architecture Profile (TV-1) Technical Standards Forecast (TV-2)



Procurement Transformation

Enterprise Architecture for Procurement

Conclusion



What will be gained by EAP and Procurement Transformation?

Industry innovation directly effects the bottom line

Profit = Revenue - Expenses

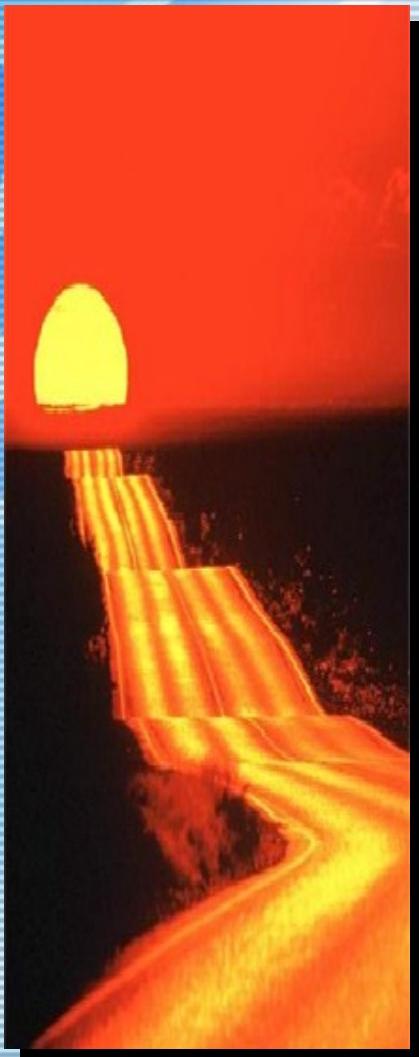
Government innovation directly effects the customer

Enhanced Warfighter Capabilities = Available Resources - Cost

The AF must leverage its “buying power” to enhance the warfighters needs.



Strategic Sourcing: Where we are headed



Strategic sourcing will continue

- Exploring candidates for future commodity councils
 - Office Supplies
 - Medical
 - Security Forces
 - Construction
 - Services

Further pursue our procurement transformation roadmap

- Strategic planning activities
 - Reestablish contracting strategy board
 - Validate the vision & plan to get us there
- Need to improve communication so we are all driving towards the same end state

Change management

“Never underestimate the power of inertia to hold you hostage to where you used to be.” - Dr. Tushman



What lessons have been learned or reinforced by the

Visual modeling techniques? are essential because:

- Allow development of a common understanding of complex processes and issues among participants
- Provide an unambiguous way to communicate results to non-participants

Facilitated modeling workshops are essential because:

- No one knows everything about complex processes and issues
- Consensus is imperative for successful change
- Neutral facilitators allow reconciliation of differing viewpoints

An **integrated suite of visual modeling tools** is essential because:

- Developing consistent visual & textual representations is imperative
- Managing the sheer volume of inter-related information would not be possible otherwise

Effective sponsorship and participation is essential because:

- Knowledge and creativity must be drawn from diverse sources
- Organizational “ownership” enables successful implementation



Questions?

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Procurement Transformation

